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FM AMEMBASSY PORT OF SPAIN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9016
INFO RUEHCR/AMEMBASSY BRIDGETOWN 4188
RUESKN/AMEMBASSY KINGSTON 2864
RUESON/AMEMBASSY GEORGETOWN 3296
BT
C O N F I D E N T I A L PORT OF SPAIN 00587

E.O. 12065 : GDS 2/25/88 (BEHNKE, PAUL) OR-E
TAGS: EFIN, EAID, ETRD, XL, TD
SUBJECT: EARLY REACTIONS TO PRESIDENT'S SPEECH ON CBI;
FRANK RAMPERSAD

REF: (A) STATE 048847; (B) STATE 045824; (C) KINGSTON 1365;
(D) PORT OF SPAIN 578 (NOTAL)

1. (C) ENTIRE TEXT

2. THERE HAS BEEN NO PUBLIC GOTT REACTION TO PRESIDENT
REAGAN'S SPEECH ON THE CBI. EMBASSY OFFICERS HAVE BEGUN
CONTACTING KEY OFFICIALS FOR COMMENT. FRANK RAMPERSAD,
CHAIRMAN OF THE CARICOM TECHNICAL COMMITTEE ON THE CBI,
AND CHAIRMAN OF THREE LARGE STATE INSTITUTIONS (BWIA,
CARONI, LTD. AND NATIONAL INSTITUTE OF HIGHER EDUCATION),
WAS FIRST ON OUR LIST.

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State Dept. review completed

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2. RAMPERSAD SEEMED TO HAVE MEMORIZED THE ENTIRE CBI SPEECH (REF A) AND THE BACKGROUND MATERIALS (REF B) PASSED HIM FEBRUARY 24. HE RATTLED OFF A LONG STREAM OF QUESTIONS AND REACTIONS. RAMPERSAD, IN HIS DUAL ROLE AS A T&T CIVIL SERVANT AND A KEY DECISIONMAKER IN CARICOM, OFFERED BOTH REGIONAL AND LOCAL PERSPECTIVES.

4. REGIONAL ISSUES:

-- RAMPERSAD SAID THAT THE DOLS 350 MILLION IN SUPPLEMENTAL AID ANNOUNCED BY THE PRESIDENT FELL FAR SHORT OF THE REGION'S NEEDS. HE NOTED THAT THIS AMOUNT WOULD HAVE TO BE SPREAD OVER 19 COUNTRIES (HIS FIGURE), MANY OF WHICH HAD CRITICAL NEED FOR BALANCE OF PAYMENTS RELIEF.

-- HE OPINED THAT THE 12-YEAR DUTY FREE PROVISION WAS TOO SHORT, AT LEAST MEASURED IN CARIBBEAN TIME. RAMPERSAD ESTIMATED THAT MOST NEW INVESTMENTS WOULD NOT BE ROLLING FOR 3 TO 4 YEARS. HE THINKS A MORE REALISTIC PAYBACK PERIOD IS 15 TO 20 YEARS.

-- RAMPERSAD ASKED FOR CLARIFICATION ON THE CONCEPT OF REGIONAL TRADING COMPANIES. HE WONDERED IF THESE WOULD BE PATTERNED AFTER THE EUROPEAN MODEL WHEREBY A FIRM WOULD BE SET UP IN THE U.S. SPECIFICALLY TO FACILITATE IMPORTS FROM THE CARIBBEAN.

-- ON THE SUBJECT OF EX-IM AND US COMMERCIAL BANK CREDIT FOR PRIVATE CARIBBEAN IMPORTERS, HE PREDICTED THAT THERE WOULD BE PROBLEMS WITH EXCHANGE CONTROLS.

-- THE TERM "PASS THROUGH TAX CREDIT" (REF B) HAS RAMPERSAD CONFUSED. HE REQUESTED A DEFINITION.

5. LOCAL CONCERNS:

-- THE BILATERAL INVESTMENT TREATY (BIT) WOULD BE OF CONSIDERABLE INTEREST TO THE GOVT IN PROMOTING THE EXPANSION OF DOWNSTREAM INDUSTRIES AT THE POINT LISAS INDUSTRIAL COMPLEX. WE PROMISED TO FORWARD A MODEL BIT IF THE DEPARTMENT CAN MAKE ONE AVAILABLE.

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6. RAMPERSAD WAS ENTHUSED ABOUT THE FREE TRADE ARRANGEMENT OF THE CBI AND SAID THAT FOR T&T THE DUTY FREE ENTRY OF STEEL IS A CRITICAL CONCERN. HE DID EXPRESS HIS HOPE THAT CERTAIN NON-TARIFF BARRIERS BE REMOVED. PARTICULARLY ONEROUS, HE SAID, WAS THE STRICT U.S. SHIPPING REQUIREMENTS FOR CERTAIN STEEL PRODUCTS, INCLUDING DRI.

6. CARICOM'S EXPERTS WILL BE MEETING ONCE AGAIN TO STUDY THE CBI PROPOSALS IN MARCH. RAMPERSAD SAID THAT, CONTRARY TO THE INFORMATION REPORTED REF C, HE AND MANY CARICOM LEADERS BELIEVE THAT THE WORLD BANK HAS AN "ANTI-CARIBBEAN BIAS" AND THEREFORE WOULD PREFER THAT THE CGCED BE KEPT OUT OF THE CBI PICTURE. HE STILL ADVOCATES FILTERING CBI ACTIVITY THROUGH THE CARIBBEAN DEVELOPMENT BANK AS HE STATED TO DAS BOSWORTH IN JANUARY. HE SAID THAT CARICOM WILL MAKE A FINAL DECISION ON THIS ISSUE NEXT MONTH.

EVANS

END OF MESSAGE

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